

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 28, 2007

Bill Number: H.B. 3043

Authors: Talley; Haskins; Brady

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-6-3360, as amended, of the Code of Laws of South Carolina, 1976, relating to the job development tax credit, so as to include an apprenticeship as an eligible "new job", to define "apprentice" for that purpose, and to provide eligibility standards.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund income tax revenue by an estimated \$1,912,500 in FY2007-08.

Explanation

This bill would amend Section 12-6-3360(M)(3) to include an apprentice as a "new job" to be eligible for a job tax credit by an employer pursuant to Section 12-6-3360(B). An apprentice is defined by The National Apprenticeship Act, 29 U.S.C. 50, and as provided in applicable regulations 29 CFR 29.5. According to federal regulations, an apprentice is one that is offered employment and training in a skilled trade with not less than 2,000 hours of work experience consistent with training requirements as established by industry practice. An apprentice receives supervised work experience and training on the job supplemented with a minimum of 144 hours of instruction in technical subjects related to the trade. An apprentice is paid a wage consistent with the skill acquired and which is not less than the minimum wage as prescribed by the Fair Labor Standards Act. The apprentice receives a progressively increasing schedule of wages until reaching the rank of journeyman. The most common apprenticeship occupations are electricians, carpenters, and plumbers. According to the South Carolina branch of the U.S. Department of Labor, Employment and Training Administration, there are 705 total active apprentices registered in 79 active programs with the Office of Apprenticeship Training, Employer, and Labor Services, Bureau of Apprenticeship Training in South Carolina. Based on data from the Bureau of Apprenticeship Training, the number of new apprentices is expected to increase by 60 in FY2007-08. Multiplying 765 active, registered apprentices in the state by an average statewide job tax credit of \$2,500 per "new job" yields a reduction of General Fund income tax revenue of an estimated \$1,912,500 in FY2007-08.

/s/ WILLIAM C. GILLESPIE, PH.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.